

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4676-02
Bill No.: SCS for HB 2008
Subject: Licenses- Professional, Motor Vehicles, Revenue Dept.
Type: Original
Date: April 29, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Highway Funds	\$351,912	\$815,082	\$1,128,007
Total Estimated Net Effect on <u>All</u> State Funds	\$351,912	\$815,082	\$1,128,007

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$203,125	\$365,625	\$487,500
Local Government	\$203,125	\$365,625	\$487,500

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Secretary of State, Missouri Department of Transportation, Department of Economic Development and Department of Public Safety- State Water Patrol** assume no fiscal impact on their agencies.

This portion of the bill deals specifically with titling issues in sections 301.550 and the impact is as follows:

Officials with the **Department of Revenue (DOR)-Driver and Vehicle Service Bureau (DVSB)** assume this proposal would require various changes to the Driver and Vehicle Services Bureau policies, procedures, forms and postage. The DVSB could incur cost in the amount of \$530 to ensure these changes are incorporated. DOR assumes programming modifications will need to be made to our Field Automated System for Titling and Registration. A cost analysis was requested from the current contract vendor, UNISYS, Inc. for programming changes necessary to the FASTR system. The vendor has indicated that this will require 14 hours of programming. Current contract rate of programming is \$150 per hour. $14 \times \$150 = \$2,100$.

If highway funds are not available, then another source of funding must be identified to pay for the cost of implementing this legislation.

Oversight assumes that any additional costs to DOR will be minimal and can be absorbed from existing resources.

This portion of the bill deals specifically with titling issues in sections 301.610, 301.620, 301.640, 301.660, 306.405, 306.410, 306.420, 306.430, 306.440, 454.516, 700.355, 700.360, 700.370 and 700.380 and the impact is as follows:

Officials with the **Department of Revenue- Division of Motor Vehicle and Drivers Licensing (DVMDL)** assume this proposal requires all liens to be mailed to the owners versus the current practice of mailing the lien to lienholders. It is estimated that because of the lien being mailed to the owner of the vehicle versus the lienholders that there will be an increase in duplicate titles that will be required due to the owner misplacing, losing, etc. the lien. The number of duplicate titles issued will increase from 10% for FY03, to 15% for FY04 and finally 20% for FY05. The longer an owner has the title the more likely that the title will be misplaced/lost. The division of motor vehicle and drivers licensing anticipates mailing approximately 1,000,000 titles per year to owners.

ASSUMPTION (continued)

Revenue Impact

FY03

$83,333 (1,000,000 \times 10\% = 100,000 / 12 \times 10 \text{ mos} = 83,333)$

Duplicate application fee = $83,333 \times \$8.50 = \$708,331$

25% quick title fee = $83,333 \times \$5 = \$104,116$

FY04

$150,000 (1,000,000 \times 15\%)$

Duplicate application fee = $150,000 \times \$8.50 = \$1,275,000$

25% quick title fee = $150,000 \times \$5 = \$187,500$

FY05

$200,000 (1,000,000 \times 20\%)$

Duplicate application fee = $200,000 \times \$8.50 = \$1,700,000$

25% quick title fee = $200,000 \times \$5 = \$250,000$

The DVMDL assumes that they would require two (2) Revenue Licensing Tech II for the first year (FY01) to process duplicate requests. This includes receiving, examining, rejecting, key entering, and mailing duplicate requests. This division would also need two (2) additional Revenue Licensing Tech II for FY04 and one (1) additional Revenue Licensing Tech II for FY05 based on the anticipated number of duplicate requests. DMVDL further assumes they could need two (2) Telephone Information operators beginning FY03 to ensure that all calls anticipated from owners, dealers and lienholders are answered and appropriate responses are given. The division would require associated costs for equipment and expenses for the additional FTE.

The DMVDL could also incur cost in the amount \$146,038 for FY03, \$106,632 for FY04 and \$132,045 for FY05 for forms, policies, procedures, and postage required to implement this proposal.

The Information Technology Bureau assumes it would require \$7,142 for programming costs to modify existing systems to implement this proposal. Programming costs will also be required in the amount of \$950 for FY03 to convert and key current child support lien information to DOR's website. The current contract vendor for FASTR has also indicated that this proposal will require 107 hours of programming to the Field Automated System for Titling and Registration. Contract rate of programming is \$150.00 per hour. $107 \times \$150 = \$16,200.00$.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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HIGHWAY FUNDS

<u>Revenue-</u> Department of Revenue			
Duplicate title application fees	<u>\$609,373</u>	<u>\$1,096,875</u>	<u>\$1,462,500</u>
Total	<u>\$609,373</u>	<u>\$1,096,875</u>	<u>\$1,462,500</u>

<u>Cost-</u> Department of Revenue			
Salaries	(\$70,640)	(\$122,208)	(\$145,559)
Fringe Benefits	(\$25,437)	(\$44,007)	(\$52,416)
Equipment and Expenses	<u>(\$161,384)</u>	<u>(\$115,578)</u>	<u>(\$136,518)</u>
Total	<u>(\$257,461)</u>	<u>(\$281,793)</u>	<u>(\$334,493)</u>

ESTIMATED NET EFFECT ON HIGHWAY FUNDS	<u>\$351,912</u>	<u>\$815,082</u>	<u>\$1,462,500</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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LOCAL GOVERNMENT

<u>Revenue-</u> Cities			
Duplicate title application fee	<u>\$121,875</u>	<u>\$219,375</u>	<u>\$292,500</u>
Total	<u>\$121,875</u>	<u>\$219,375</u>	<u>\$292,500</u>

<u>Revenue-</u> Counties			
Duplicate title application fee	<u>\$81,250</u>	<u>\$146,250</u>	<u>\$195,000</u>
Total	<u>\$81,250</u>	<u>\$146,250</u>	<u>\$195,000</u>

ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	<u>\$203,125</u>	<u>\$365,625</u>	<u>\$487,500</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal defines "powersport dealer" and would establish such dealers as a class of dealer. A powersport dealer is a franchised dealer who primarily sells motorcycles, all-terrain vehicles, and personal watercraft.

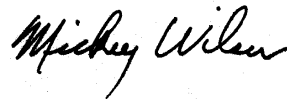
This proposal would also eliminate the lienholders possession on motor vehicle certificates of title. The owner of the motor vehicle would be required to list the lienholder on the application for title and failure to do so would be a Class C felony. This proposal would specify the process for perfection for lienholders and subordinate lienholders. It is also proposed that once a lien is satisfied, the lienholder must mail or deliver a release stating satisfaction of the lien in a form prescribed by the Director of Revenue.

For lienholders holding certificates of title for liens perfected prior to August 28, 2002, the lienholder must mail the certificate of title to the owner of the motor vehicle by August 28, 2003, provided the owner prepays a transfer fee of up to \$25.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Transportation
Secretary of State
Department of Economic Development
Department of Public Safety
Water Patrol



Mickey Wilson, CPA
Acting Director
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